



February 23, 2016

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## ENGROSSED SENATE BILL No. 173

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DIGEST OF SB 173 (Updated February 19, 2016 10:02 am - DI 113)

**Citations Affected:** IC 4-30; IC 6-3; IC 21-13; noncode.

**Synopsis:** Motorsports racing. With respect to professional motorsports racing teams and members, requires, rather than permits, the department of state revenue (department) to adopt rules, guidelines, or other instructions to establish alternative methods of simplifying return filing for race teams and race team members. Specifies that the rules and guidelines required to be adopted by the department must apply retroactively to taxable years beginning after December 31, 2013. Provides that the commission for higher education shall award two four-year minority motorsports scholarships in each of the 10 years following December 31, 2015, to eligible minority students to pursue eligible courses of study at Indiana colleges and universities. Allows minority motorsports scholarship awards to be paid as necessary from: (1) money held in other occupational scholarship funds that is not needed for those programs; and (2) the build Indiana fund.

**Effective:** January 1, 2014 (retroactive); July 1, 2016.

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**Young R Michael, Miller Patricia,  
Taylor, Randolph Lonnie M, Buck**

(HOUSE SPONSORS — FRIZZELL, THOMPSON)

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January 5, 2016, read first time and referred to Committee on Tax & Fiscal Policy.  
January 12, 2016, amended, reported favorably — Do Pass.  
January 14, 2016, read second time, ordered engrossed. Engrossed.  
January 19, 2016, read third time, passed. Yeas 49, nays 1.

HOUSE ACTION

February 8, 2016, read first time and referred to Committee on Ways and Means.  
February 22, 2016, amended, reported — Do Pass.

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ES 173—LS 6568/DI 58





February 23, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 173

A BILL FOR AN ACT to amend the Indiana Code concerning motorsports.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-30-17-4.1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4.1. (a) Money credited  
3 to the build Indiana fund, after making the disbursements required  
4 under section 3.5 of this chapter, may be used only for:

5 (1) state or local capital projects that are managed or carried out  
6 by an eligible recipient; ~~or~~

7 (2) deposit in a revolving loan fund for capital projects; **or**

8 **(3) minority motorsports scholarships under IC 21-13-11.**

9 (b) **Except as provided in subsection (h),** an expenditure of money  
10 from the build Indiana fund for a state or local capital project must be  
11 certified by the budget agency to the budget committee under section  
12 4.5 of this chapter before the project may be reviewed and approved  
13 under section 10 of this chapter.

14 (c) As used in this chapter, "capital project" refers to a capital  
15 project to which the general assembly has appropriated money from the  
16 build Indiana fund by project name, name of an eligible recipient, or  
17 other description of the capital project. The term includes:

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(1) the construction of airports, airport facilities, and local street and road projects;

(2) an airport development project that is eligible for a grant or loan under IC 8-21-11; and

(3) any other:

(A) acquisition of land;

(B) site improvements;

(C) infrastructure improvements;

(D) construction of buildings or structures;

(E) rehabilitation, renovation, or enlargement of buildings or structures; or

(F) acquisition or improvement of machinery, equipment, furnishings, or facilities;

(or any combination of these), that comprises or is functionally related to an activity that serves a governmental, a recreational, a cultural, a community, a health, a charitable, a scientific, a public safety, a literary, or an educational purpose, fosters amateur sports competition, or fosters prevention of cruelty to children.

(d) As used in this chapter, "state project" refers to a capital project that is managed or carried out by an eligible recipient described in section 2(4) through 2(6) of this chapter.

(e) As used in this chapter, "local project" refers to a capital project that is managed or carried out by an eligible recipient described in section 2(1) through 2(3) of this chapter.

(f) In appropriating money from the build Indiana fund for state and local capital projects, the general assembly shall, to the extent practicable, allocate money:

(1) equally among legislative districts for the house of representatives; and

(2) equally among legislative districts for the senate;

without regard to the political affiliation of the member of the general assembly representing the legislative district or the voting preferences of the legislative district.

(g) In reviewing and approving projects under section 10 of this chapter, the budget committee and the governor shall carry out a program under which, to the extent that projects otherwise qualify for funding, money for projects is disbursed:

(1) equally among legislative districts for the house of representatives; and

(2) equally among legislative districts for the senate;

without regard to the political affiliation of the member of the general assembly representing the legislative district or the voting preferences



of the legislative district.

(h) **The auditor of state may, upon the request of the commission for higher education as provided in IC 21-13-11-7, direct the treasurer of state to transfer sufficient money from the build Indiana fund to the minority motorsports scholarship fund established by IC 21-13-11-2 to enable the commission for higher education to make the minority motorsports scholarship awards required under IC 21-13-11.**

SECTION 2. IC 6-3-2-3.2, AS ADDED BY P.L.233-2013, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]: Sec. 3.2. (a) The following definitions apply to this section:

(1) "Bonus for services rendered as a race team member" includes:

(A) a bonus earned as a result of participation in a racing event, such as a performance bonus or any other bonus; and

(B) a bonus paid for signing a contract, unless all of the following conditions are met:

(i) The payment of the signing bonus is not conditional upon the signee participating in a racing event for the team or performing any subsequent services for the team.

(ii) The signing bonus is payable separately from the salary and any other compensation.

(iii) The signing bonus is nonrefundable.

(2) "Indiana duty days" means the number of total duty days spent by a race team member within Indiana rendering a service for the race team in any manner during the taxable year, except travel days spent in Indiana that do not involve either a race, practice, qualification, training, testing, team meeting, promotional caravan, or other similar race team event.

(3) "Race team" includes a professional motorsports racing team that has services rendered by a race team member in Indiana or participated in a racing event at a qualified motorsports facility (as defined in IC 5-1-17.5-14).

(4) "Race team member" includes employees or independent contractors who render services on behalf of the race team. The term includes but is not limited to drivers, pit crew members, mechanics, technicians, spotters, and crew chiefs.

(5) "Total duty days" means all days during the taxable year that a race team member renders a service for the race team. The term includes:

(A) race days, practice days, qualification days, training days,



testing days, days spent at team meetings, days spent with a promotional caravan, and days served with the team in which the team competes or is scheduled to compete;

(B) days spent conducting training and rehabilitation activities, but only if the service is conducted at the facilities of the race team; and

(C) travel days that do not involve either a race, practice, qualification, training, testing, team meeting, promotional caravan, or other similar team event.

Total duty days for an individual who joins a race team during the season begin on the day the individual joins the team, and, for an individual who leaves a team, end on the day the individual leaves the team. When an individual changes teams during a taxable year, a separate duty day calculation must be made for the period the individual was with each team. Total duty days do not include those days for which a team member is not compensated and is not rendering a service for the team in any manner, including days when the team member has been suspended without pay and prohibited from performing any services for the team.

(6) "Total income" means the total compensation received during the taxable year for services rendered. The term includes salaries, wages, bonuses, and any other type of compensation paid during the taxable year to a race team member for services rendered in that year. The term does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services rendered to the race team.

(b) For purposes of IC 6-3, Indiana income is the individual's total income during the taxable year multiplied by the following fraction:

(1) The numerator of the fraction is the individual's Indiana duty days for the taxable year.

(2) The denominator of the fraction is the individual's total duty days for the taxable year.

(c) It is presumed that this section results in a fair and equitable apportionment of the race team member's compensation. However, if the department demonstrates that the method provided under this section does not fairly and equitably apportion a team member's compensation, the department may require the team member to apportion the team member's compensation under another method that the department prescribes. The prescribed method must result in a fair and equitable apportionment. A team member may submit a proposal for an alternative method to apportion the team member's compensation



1 if the team member demonstrates that the method provided under this  
 2 section does not fairly and equitably apportion the team member's  
 3 compensation. If approved by the department, the proposed method  
 4 must be fully explained in the team member's nonresident personal  
 5 income tax return.

6 (d) The department ~~may~~ **shall** adopt rules, guidelines, or other  
 7 instructions **applicable for taxable years beginning after December**  
 8 **31, 2013** to establish alternative methods:

9 (1) of simplifying return filing for **race** team members, if the team  
 10 is not based in Indiana; **and**

11 (2) **for a race team not based in Indiana to file a composite**  
 12 **return on behalf of and covering more than one (1) race team**  
 13 **member if the same amount of tax is remitted as if individual**  
 14 **filings had occurred. Filing a composite return under this**  
 15 **subdivision exempts:**

16 (A) **a race team member covered by the return from**  
 17 **having an individual income tax return filing requirement**  
 18 **with respect to the income reported on the composite**  
 19 **return; and**

20 (B) **a race team that is not based in Indiana from a filing**  
 21 **requirement only with respect to team members included**  
 22 **on the composite return.**

23 (e) Notwithstanding any other provision under IC 6-3-4, the  
 24 department may adopt rules, guidelines, or other instructions related to  
 25 withholding requirements under this chapter.

26 (f) This section, as enacted in 2013, is intended to be a clarification  
 27 of the law and not a substantive change in the law.

28 SECTION 3. IC 21-13-1-5, AS AMENDED BY THE TECHNICAL  
 29 CORRECTIONS BILL OF THE 2016 GENERAL ASSEMBLY, IS  
 30 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

31 Sec. 5. "Fund":

32 (1) for purposes of IC 21-13-2, refers to the minority teacher  
 33 scholarship fund established by IC 21-13-2-1;

34 (2) for purposes of IC 21-13-4, refers to the National Guard  
 35 tuition supplement program fund established by IC 21-13-4-1;

36 (3) for purposes of IC 21-13-5, refers to the National Guard  
 37 scholarship extension fund established by IC 21-13-5-1; ~~and~~

38 (4) for purposes of IC 21-13-6, refers to the primary care  
 39 physician loan forgiveness fund established by IC 21-13-6-3;

40 (5) **for purposes of IC 21-13-6.5, refers to the medical**  
 41 **residency education fund established by IC 21-13-6.5-1; and**

42 (6) **for purposes of IC 21-13-11, refers to the minority**



1           **motorsports scholarship fund established by IC 21-13-11-2.**  
 2           SECTION 4. IC 21-13-11 IS ADDED TO THE INDIANA CODE  
 3 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 4 JULY 1, 2016]:

5           **Chapter 11. Minority Motorsports Scholarship Program**

6           **Sec. 1. The following definitions apply throughout this chapter:**

7           (1) "Eligible course of study" means a course of study  
 8 determined by the commission under section 4 of this chapter.

9           (2) "Eligible minority student" means a minority student:

10           (A) whose family income does not exceed one hundred fifty  
 11 percent (150%) of the federal poverty level at the time the  
 12 minority student applies for a scholarship under this  
 13 chapter; and

14           (B) who meets any additional conditions adopted by the  
 15 commission under section 5 of this chapter.

16           (3) "Minority student" means a student or prospective  
 17 student who is a minority.

18           **Sec. 2. (a)** The minority motorsports scholarship fund is  
 19 established for the purpose of awarding scholarships to eligible  
 20 minority students for attendance at Indiana colleges and  
 21 universities in accordance with this chapter.

22           (b) The commission shall administer the fund.

23           (c) The fund consists of the following:

24           (1) Appropriations by the general assembly.

25           (2) Gifts.

26           (3) Interest earned on investments of money in the fund.

27           (4) Money transferred to the fund under section 7 of this  
 28 chapter.

29           (d) The treasurer of state may invest money in the fund that is  
 30 not necessary to pay the obligations of the fund in the manner that  
 31 other public money is invested.

32           (e) The expenses of administering the fund shall be paid from  
 33 money in the fund.

34           (f) Money in the fund at the end of a state fiscal year does not  
 35 revert to the state general fund.

36           **Sec. 3. (a)** Each year beginning after December 31, 2015, and  
 37 before January 1, 2026, the commission shall award scholarships  
 38 to two (2) eligible minority students to pursue baccalaureate  
 39 degrees in an eligible course of study at an Indiana college or  
 40 university. The number of scholarships awarded under this section  
 41 may not exceed twenty (20).

42           (b) A scholarship award under subsection (a) pays the following





for each of four (4) years of study at an Indiana college or university:

(1) The balance of the scholarship recipient's total cost of tuition or fees for attending the Indiana college or university during the year.

(2) A stipend for the scholarship recipient's room and board expenses during the year, not to exceed five thousand dollars (\$5,000).

Sec. 4. The commission, in collaboration with the Indianapolis Motor Speedway, shall develop a list of those fields of study in the areas of:

(1) engineering;

(2) marketing;

(3) design; and

(4) hospitality;

that qualify as eligible courses of study. The list of eligible courses of study may be revised periodically, but a revision that excludes a field of study previously on the list is applicable only to scholarship awards made after the date of the revision and may not require a scholarship recipient whose scholarship was awarded before the date the list was revised to change the scholarship recipient's course of study.

Sec. 5. In addition to the criterion specified in section 1(2)(B) of this chapter, the commission may adopt additional criteria for determining who qualifies as an eligible minority student.

Sec. 6. The commission shall publish the following on the commission's Internet web site:

(1) The criteria to qualify as an eligible minority student.

(2) The list of eligible courses of study determined under section 4 of this chapter.

(3) The procedure by which an individual may apply for the scholarship provided by this chapter.

Sec. 7. If the amount of money in the fund after subtracting any money that is otherwise committed for scholarships awarded under this chapter or for payment of other obligations of the fund is insufficient to make the awards required under this chapter, the commission may, notwithstanding any other law:

(1) use money that is appropriated and not anticipated to be needed for any of the other scholarship programs established under this article; or

(2) if there remains a shortfall after using any money described in subdivision (1), request that the auditor of state



1           **transfer a sufficient amount of money from the build Indiana**  
2           **fund established under IC 4-30-17 to the fund;**  
3           **in order to make the awards required by this chapter.**

4           SECTION 5. [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]

5           **(a) Rules, guidelines, or other instructions adopted by the**  
6           **department of state revenue under IC 6-3-2-3.2(d), as amended by**  
7           **this act, apply to taxable years beginning after December 31, 2013.**

8           **(b) This SECTION expires July 1, 2019.**

9           SECTION 6. An emergency is declared for this act.



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 173, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 3, delete "2016" and insert "2014".

Page 3, line 24, after "instructions" insert "**applicable for taxable years beginning after December 31, 2013**".

Page 3, line 27, after "team" insert "**not based in Indiana**".

Page 3, line 27, delete "combined" and insert "**composite**".

Page 3, line 30, delete "combined" and insert "**composite**".

Page 3, line 33, delete "combined" and insert "**composite**".

Page 3, line 37, delete "combined" and insert "**composite**".

Page 4, line 1, delete "2016" and insert "2014".

Page 4, delete lines 2 through 3 and insert: "**(a) Rules, guidelines, or other instructions adopted by the department of state revenue under IC 6-3-2-3.2(d), as amended by this act, apply to taxable years beginning after December 31, 2013.**".

and when so amended that said bill do pass.

(Reference is to SB 173 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 173, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning motorsports.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-30-17-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4.1. (a) Money credited to the build Indiana fund, after making the disbursements required under section 3.5 of this chapter, may be used only for:

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(1) state or local capital projects that are managed or carried out by an eligible recipient; ~~or~~

(2) deposit in a revolving loan fund for capital projects; **or**

**(3) minority motorsports scholarships under IC 21-13-11.**

(b) **Except as provided in subsection (h),** an expenditure of money from the build Indiana fund for a state or local capital project must be certified by the budget agency to the budget committee under section 4.5 of this chapter before the project may be reviewed and approved under section 10 of this chapter.

(c) As used in this chapter, "capital project" refers to a capital project to which the general assembly has appropriated money from the build Indiana fund by project name, name of an eligible recipient, or other description of the capital project. The term includes:

(1) the construction of airports, airport facilities, and local street and road projects;

(2) an airport development project that is eligible for a grant or loan under IC 8-21-11; and

(3) any other:

(A) acquisition of land;

(B) site improvements;

(C) infrastructure improvements;

(D) construction of buildings or structures;

(E) rehabilitation, renovation, or enlargement of buildings or structures; or

(F) acquisition or improvement of machinery, equipment, furnishings, or facilities;

(or any combination of these), that comprises or is functionally related to an activity that serves a governmental, a recreational, a cultural, a community, a health, a charitable, a scientific, a public safety, a literary, or an educational purpose, fosters amateur sports competition, or fosters prevention of cruelty to children.

(d) As used in this chapter, "state project" refers to a capital project that is managed or carried out by an eligible recipient described in section 2(4) through 2(6) of this chapter.

(e) As used in this chapter, "local project" refers to a capital project that is managed or carried out by an eligible recipient described in section 2(1) through 2(3) of this chapter.

(f) In appropriating money from the build Indiana fund for state and local capital projects, the general assembly shall, to the extent practicable, allocate money:

(1) equally among legislative districts for the house of representatives; and



(2) equally among legislative districts for the senate;  
without regard to the political affiliation of the member of the general assembly representing the legislative district or the voting preferences of the legislative district.

(g) In reviewing and approving projects under section 10 of this chapter, the budget committee and the governor shall carry out a program under which, to the extent that projects otherwise qualify for funding, money for projects is disbursed:

(1) equally among legislative districts for the house of representatives; and

(2) equally among legislative districts for the senate;  
without regard to the political affiliation of the member of the general assembly representing the legislative district or the voting preferences of the legislative district.

**(h) The auditor of state may, upon the request of the commission for higher education as provided in IC 21-13-11-7, direct the treasurer of state to transfer sufficient money from the build Indiana fund to the minority motorsports scholarship fund established by IC 21-13-11-2 to enable the commission for higher education to make the minority motorsports scholarship awards required under IC 21-13-11."**

Page 4, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 3. IC 21-13-1-5, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2016 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 5. "Fund":

(1) for purposes of IC 21-13-2, refers to the minority teacher scholarship fund established by IC 21-13-2-1;

(2) for purposes of IC 21-13-4, refers to the National Guard tuition supplement program fund established by IC 21-13-4-1;

(3) for purposes of IC 21-13-5, refers to the National Guard scholarship extension fund established by IC 21-13-5-1; and

(4) for purposes of IC 21-13-6, refers to the primary care physician loan forgiveness fund established by IC 21-13-6-3;

**(5) for purposes of IC 21-13-6.5, refers to the medical residency education fund established by IC 21-13-6.5-1; and**

**(6) for purposes of IC 21-13-11, refers to the minority motorsports scholarship fund established by IC 21-13-11-2.**

SECTION 4. IC 21-13-11 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

#### **Chapter 11. Minority Motorsports Scholarship Program**



**Sec. 1. The following definitions apply throughout this chapter:**

- (1) "Eligible course of study" means a course of study determined by the commission under section 4 of this chapter.**
- (2) "Eligible minority student" means a minority student:**
  - (A) whose family income does not exceed one hundred fifty percent (150%) of the federal poverty level at the time the minority student applies for a scholarship under this chapter; and**
  - (B) who meets any additional conditions adopted by the commission under section 5 of this chapter.**
- (3) "Minority student" means a student or prospective student who is a minority.**

**Sec. 2. (a) The minority motorsports scholarship fund is established for the purpose of awarding scholarships to eligible minority students for attendance at Indiana colleges and universities in accordance with this chapter.**

- (b) The commission shall administer the fund.**
- (c) The fund consists of the following:**
  - (1) Appropriations by the general assembly.**
  - (2) Gifts.**
  - (3) Interest earned on investments of money in the fund.**
  - (4) Money transferred to the fund under section 7 of this chapter.**
- (d) The treasurer of state may invest money in the fund that is not necessary to pay the obligations of the fund in the manner that other public money is invested.**
- (e) The expenses of administering the fund shall be paid from money in the fund.**
- (f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**

**Sec. 3. (a) Each year beginning after December 31, 2015, and before January 1, 2026, the commission shall award scholarships to two (2) eligible minority students to pursue baccalaureate degrees in an eligible course of study at an Indiana college or university. The number of scholarships awarded under this section may not exceed twenty (20).**

- (b) A scholarship award under subsection (a) pays the following for each of four (4) years of study at an Indiana college or university:**
  - (1) The balance of the scholarship recipient's total cost of tuition or fees for attending the Indiana college or university during the year.**



- (2) A stipend for the scholarship recipient's room and board expenses during the year, not to exceed five thousand dollars (\$5,000).

**Sec. 4.** The commission, in collaboration with the Indianapolis Motor Speedway, shall develop a list of those fields of study in the areas of:

- (1) engineering;
- (2) marketing;
- (3) design; and
- (4) hospitality;

that qualify as eligible courses of study. The list of eligible courses of study may be revised periodically, but a revision that excludes a field of study previously on the list is applicable only to scholarship awards made after the date of the revision and may not require a scholarship recipient whose scholarship was awarded before the date the list was revised to change the scholarship recipient's course of study.

**Sec. 5.** In addition to the criterion specified in section 1(2)(B) of this chapter, the commission may adopt additional criteria for determining who qualifies as an eligible minority student.

**Sec. 6.** The commission shall publish the following on the commission's Internet web site:

- (1) The criteria to qualify as an eligible minority student.
- (2) The list of eligible courses of study determined under section 4 of this chapter.
- (3) The procedure by which an individual may apply for the scholarship provided by this chapter.

**Sec. 7.** If the amount of money in the fund after subtracting any money that is otherwise committed for scholarships awarded under this chapter or for payment of other obligations of the fund is insufficient to make the awards required under this chapter, the commission may, notwithstanding any other law:

- (1) use money that is appropriated and not anticipated to be needed for any of the other scholarship programs established under this article; or



**(2) if there remains a shortfall after using any money described in subdivision (1), request that the auditor of state transfer a sufficient amount of money from the build Indiana fund established under IC 4-30-17 to the fund; in order to make the awards required by this chapter."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 173 as printed January 13, 2016.)

BROWN T

Committee Vote: yeas 18, nays 0.

